

The SKAKO logo is displayed in a white rounded square. The word "SKAKO" is written in a bold, yellow, sans-serif font.

SKAKO A/S

INVESTMENT CASE



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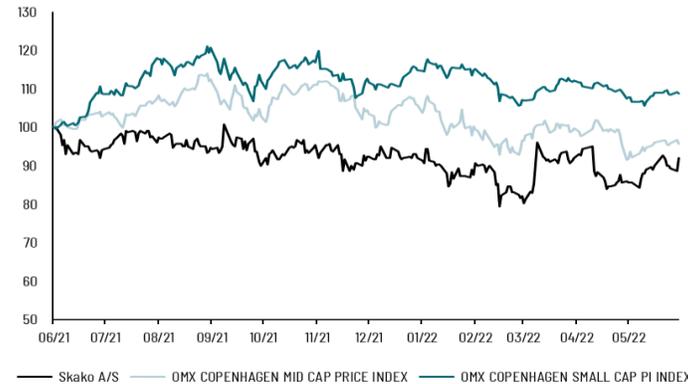
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SKAKO A/S

SKAKO A/S is a Danish industrial machinery developer, operating two operationally independent business units, SKAKO Concrete and SKAKO Vibration, which develop, design and sell equipment for concrete batching plants and industrial production lines respectively.

Ticker: SKAKO
 Share Price (DKK): 53
 Market Capitalisation (DKKm): 161



KEY FINANCIALS (DKKm)

	2019	2020	2021	2022G
Revenue	354.2	335.9	363.7	
EBIT	18.0	17.2	20.3	22-27
Net Profit	14.2	10.9	13.2	

*Note: 2022G is SKAKO's own guidance.

DISCLAIMER

INVESTMENT CASE

- **An investment in SKAKO A/S reflects the belief that the company can continue to increase its revenue and EBIT margin**, towards its 2024 ambitions for a revenue CAGR of 8% and a 2024 EBIT margin of 7-9%.
- **SKAKO distributed a dividend of DKK 4 per share in 2021, distributing DKKm 12.3, to shareholders, corresponding to 93.5%** of its profit for the year (or 81% adjusted for earn-out relating to Dartek). The payout reflected a dividend yield of 7.4% given the share price at the time of announcement (17.03.22). **If SKAKO meets its FY 2022 guidance it will likely retain a high payout ratio for 2022.**
- **SKAKO continues to build its order backlog demonstrating strong demand for SKAKO's products.** SKAKO's order backlog has increased 81% from Q1 2021 to Q1 2022. The increase is driven in part by normalisation from Covid-19 but also from strength in key markets, which include the UK and Denmark for SKAKO Concrete and particularly the European recycling market within SKAKO Vibrations.
- **SKAKO Concrete is experiencing strong activity levels in plant sales, increasing its order backlog 155% from Q1 2021 to Q1 2022, while increasing its higher-margin aftersales activities.** The business unit benefits, from increased focus on sustainability following the introduction of its "Green Plant Vision" in 2021.
- **SKAKO Vibrations is also experiencing strong activity levels across all three of its segments**, realising growth in both plant (+7.7%) and after sales (+45%) from Q1 2021 - Q1 2022. The business unit benefits from opening in the North African minerals market following Covid-19 and a strong recycling segment in Europe, through Dartek that was acquired in 2019.
- SKAKO trades at lower multiples to its larger publicly traded peers. While SKAKO's smaller size may go some way explain this, it exhibits a strong earnings growth potential and higher dividend yield than its peers.

KEY INVESTMENT REASONS

- SKAKO's key markets have experienced positive momentum increasing its order backlog quarter on quarter since Q2 2021.
- Positive earnings development would see dividend yields increase given SKAKO's high dividend payout ratio.
- Growing aftersales increases stable cash flows which reduces cyclicity of earnings.

KEY INVESTMENT RISKS

- SKAKO may be negatively impacted by rising inflation and supply chain issues. Negative impacts could be felt on either the demand or supply side or both.
- SKAKO operates in cyclical industries with exposure to construction, automotive and commodities.

SKAKO IN BRIEF

SKAKO is an industrial equipment manufacturer with two operationally independent businesses, SKAKO Concrete and SKAKO Vibrations which look to increase sales following Covid-19

Company history: SKAKO was founded in 1963 in Denmark, where its manufacturing of electromagnetic feeders and screens laid its foundations in the concrete and construction industry. In 1986, SKAKO merged with French Comessa, to produce its first mixer. Since, then the company has split into two distinct business areas, SKAKO Concrete and SKAKO Vibration, which supply industrial equipment to their related industry. Each business area is operationally independent and controlled by SKAKO Group. SKAKO has largely maintained its roots in Denmark where its engineering, assembling, and test facilities are located; however, SKAKO Vibration has also expanded its main production centres to include Spain and France.

SKAKO today: The business areas SKAKO Concrete and SKAKO Vibrations remain operationally independent today. SKAKO Concrete develops and delivers machinery and complete plants for the production of concrete (precast & ready-mix) as well as software and aftersales solutions. SKAKO Vibrations develops and delivers vibration equipment for industrial use, targeting the automotive, mining, and recycling segments.

SKAKO's future strategy: Towards 2022 and beyond SKAKO seeks continued execution of its growth strategy. Within SKAKO Concrete this means pursuing profitable projects with specific customer types to generate increased plant sales, increased aftersales, and push overall margins higher. Within SKAKO Vibrations the key focus is revenue growth given relatively strong margins, net sales increases will further improve margins as fixed costs are covered. SKAKO Vibration also seeks to further develop sales in its SKAKO Dartek, which it acquired in 2019. The group's guidance is for an EBIT of DKKm 22-27 for 2022.

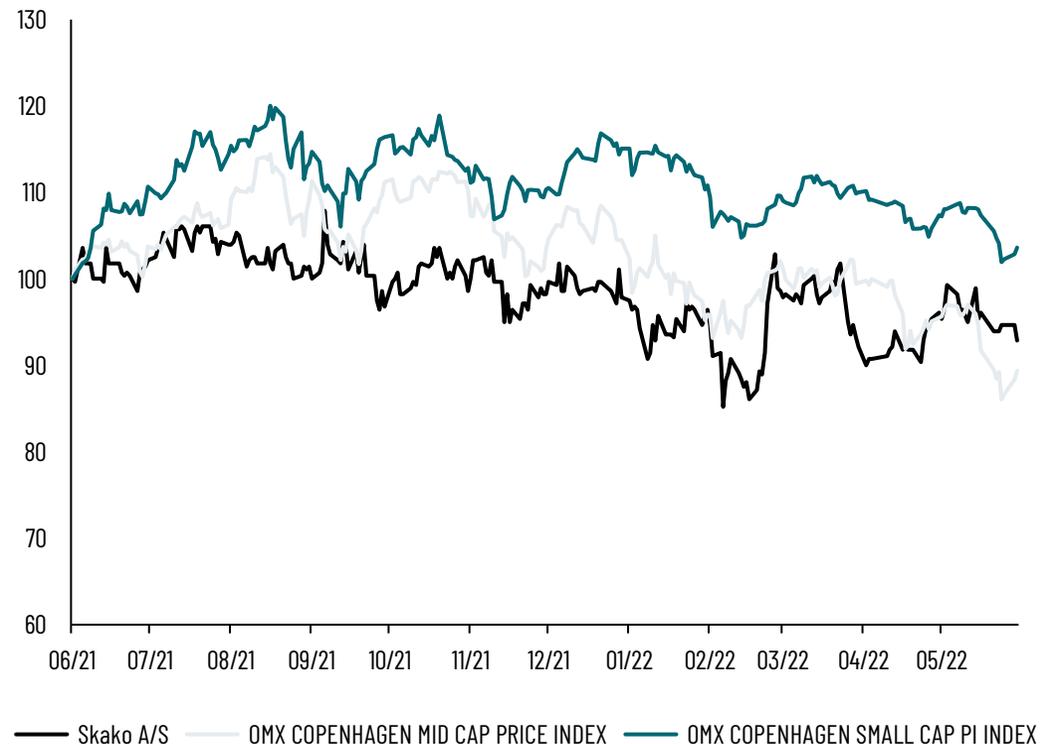
shareholders: SKAKO has three shareholders with greater than 5% ownership, Frederik2 ApS, with 25.75% ownership, Danica Pension, with 10.71% ownership, and Maj Invest Holding A/S, with 9.98% ownership. Frederik2 ApS is controlled by Jens Wittrup Willumsen (Chairman of the Board at SKAKO) and Christian Herskind Jorgensen (SKAKO Board Member).

Note: Ownership data from 31.12.21

Share information: SKAKO is listed on the Nasdaq OMX Copenhagen Stock Exchange. At year-end 2021, SKAKO's total outstanding shares were 3,106,418 and it had 1,746 registered shareholders.

As of 22.06.22 SKAKO shares trade at DKK 53 and corresponding to a market cap of DKKm 161.

Indexed share price development (Index 100 = June 2021)



SKAKO GROUP OVERVIEW

SKAKO Group looks ahead to increased demand in 2022, supported by Covid-19 normalisation. The company seeks to progress towards its medium-term financial ambitions for 2024

Group overview: SKAKO A/S is the holding company that runs SKAKO's two operationally independent business units SKAKO Concrete and SKAKO Vibration. In 2021 the company grew revenue 8.3% y/y with an EBIT growth of 34%; momentum which it continued in Q1 22. The first half of 2021 was marked by Covid-19 lockdowns, uncertainty, and low order volume, with markets since normalising through H2 2021 and beyond; demonstrated by the order backlog growth of 81% from Q1 2021 to Q1 2022. The results are driven by growth in both plant and aftersales, which grew 3% and 16% respectively, year on year in 2021.

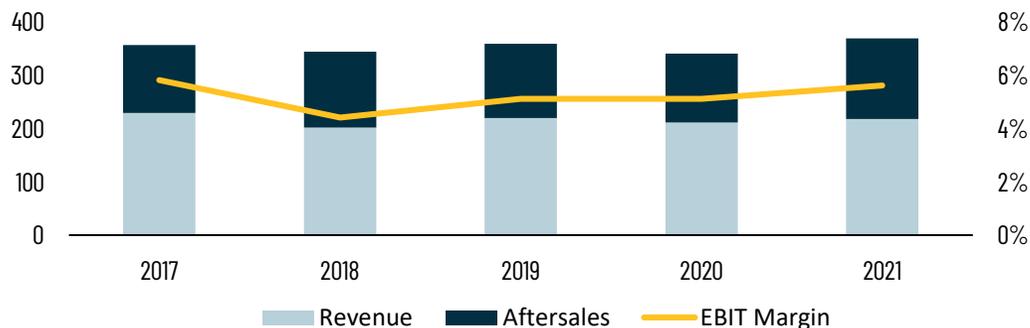
Strategic direction: SKAKO looks toward its 2024 ambitions as outlined to the right in the growth targets paragraph. Within SKAKO Concrete the strategy is to increase margins by targeting specific customer types with strong aftersales potential to benefit from the stable higher-margin service/maintenance activities. Within SKAKO Vibrations the strategy is to grow sales to increase revenue and margins by integrating SKAKO Dartek (which has predominantly sold in the Spanish market) into SKAKO's European sales channels, while also strengthening its hardware and mining segment's position. Increasing aftersales to existing customers is a key strategy within both business units given the higher margin and lower volatility of its revenues.

Market overview: SKAKO's market can be defined as the demand for its two business units. For SKAKO Concrete building infrastructure demand supports the demand for concrete and in turn SKAKO's plants; while the need for more sustainable concrete manufacture also supports demand. For SKAKO Vibrations demand is broadly a combination of the demand for recycling, minerals (mining), and hardware (automotive). Geographically, SKAKO is predominantly exposed to European market conditions with Europe driving 77.8% of 2021 revenue (74% in 2020), with North America following behind with 8.8% (18% in 2020). SKAKO's markets are cyclical in nature and correlated to GDP; however, activities are diversified across business units and the aftersales revenue provides a less volatile and predictable cash flow.

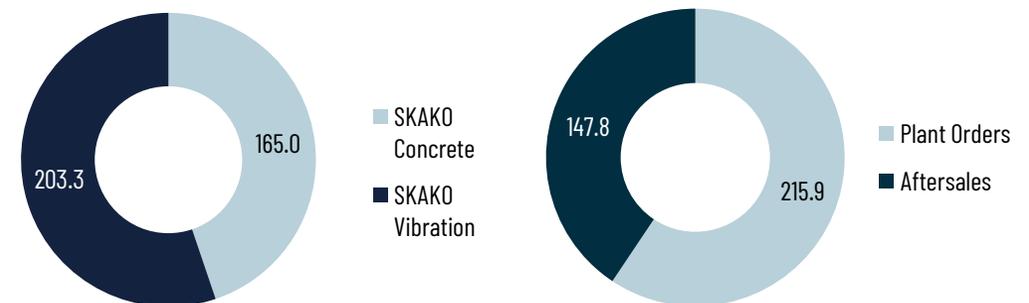
Future market outlook: SKAKO looks ahead to more favourable market conditions in 2022, benefitting from Covid-19 normalisation, and ESG initiatives. However economic headwinds also exist relating to inflation and rising interest rates. Following Q1 22, SKAKO retained its 2022 guidance for EBIT of DKK 22-27m, suggesting it has navigated conditions well so far.

Growth targets: SKAKO's medium-term financial ambitions are for organic revenue growth of 8% (CAGR) from 2021-24 and an EBIT margin of 7-9% in 2024, leading to a FY 2024 revenue ambition of approximately DKK 460m with an EBIT result of DKK 32-42m.

SKAKO Group revenue and EBIT development (DKKm)



Revenue split by business unit and revenue type (DKKm)



SKAKO CONCRETE

SKAKO Concrete has steadily increased its order backlog since Q2 2021 and targets margin growth by strengthening its aftersales activities and targeting specific customer types

Business overview: SKAKO Concrete designs, develops and sells a range of versatile high-end solutions for concrete batching plants for ready-mix and precast. The business unit can deliver entire plants, supply individual plant components, plant automation systems, and has a strong aftersales segment. SKAKO Concrete outsources the production of plant components to trusted suppliers to remain asset-light, instead specialising in the design and delivery of plants. The company also allows customers to improve their sustainability with its new “Green Plant Vision”, which reduces energy and water consumption while introducing recycling of concrete and water. Engineering, assembling and test facilities are in Faaborg, Denmark, and products are distributed internationally either from Faaborg or from suppliers.

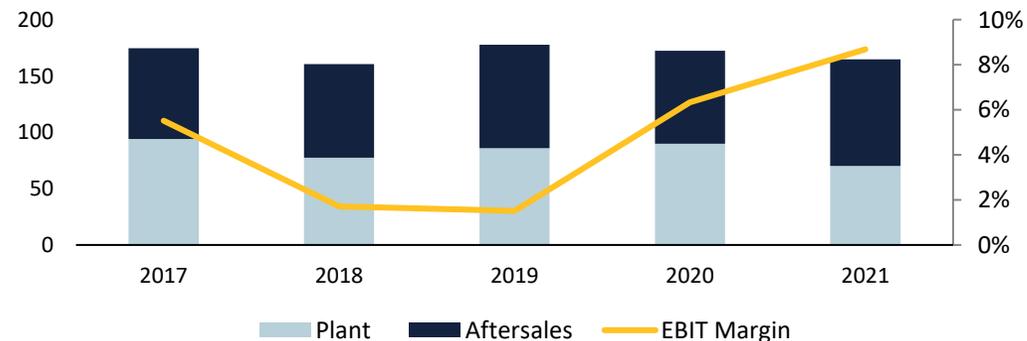
Strategic direction: SKAKO Concrete’s strategic direction hinges on its solid aftersales business and focuses on increasing plant sales and margins by targeting specific customer types, with strong aftersales potential. SKAKO’s aftersales takes advantage of its knowledge of the plants and relationships with plant owners to perform service and maintenance activities previously carried out by external contractors. Additionally, SKAKO Concrete has a strategic focus on increasing sustainability through its “Green Plant Vision” which can drive demand as customers pursue sustainability targets. This focus on controlled growth, delivery reliability and earnings is central to the business’s financial targets towards 2024.

Market overview: SKAKO Concrete’s primary markets are Europe and North America with a particular focus on Europe. SKAKO Concrete’s demand is highly correlated to the need for building infrastructure, which is cyclical and correlated to economic conditions and GDP however, aftersales revenues provide a less volatile and relatively stable cash flow reducing cyclicity. SKAKO’s customers are reasonably fragmented throughout its major markets, while its market remains competitive with cement through a sustainable transition.

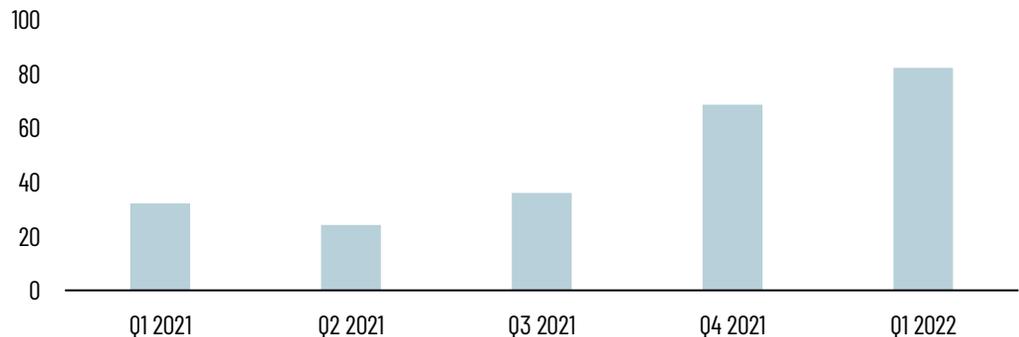
Future market expectations: SKAKO’s future market expectations will depend on the associated infrastructure demand within its major markets. The market will continue to benefit from normalisation effects after Covid-19 lockdowns in Europe. At the same time, challenges also exist in the market from cost inflation, particularly from energy and raw materials. After the war in Ukraine, there may be a demand for cement, as much of the destroyed infrastructure will need rebuilding.

Company growth projections towards 2024: During the 2021 to 2024 period, SKAKO Concrete aims to grow revenue with a CAGR of 6% while increasing the EBIT margin to 6-8%. Both revenues from plant orders and aftersales are projected to grow, with margins improving from a continued focus on sustainable profitability.

SKAKO Concrete revenue and EBIT development (DKKm)



SKAKO Concrete quarterly order backlog development (DKKm)



SKAKO VIBRATIONS

SKAKO Vibrations focuses on growing its European recycling activities, while also strengthening its aftersales and already established minerals and hardware segments

Business overview: SKAKO Group's Vibration business unit develops, designs and sells vibratory equipment for industrial use globally, typically used as production line components. The subsidiary operates within three business segments: Minerals, hardware and recycling; with its core business activities in Europe and North Africa. Its engineering, assembly and test facilities are located in Faaborg, Denmark, Strasbourg, France and San Sebastian, Spain. SKAKO Vibrations has developed its recycling segment since its 2019 acquisition of Spain-based company Dartek, and it remains a key focus area for future development.

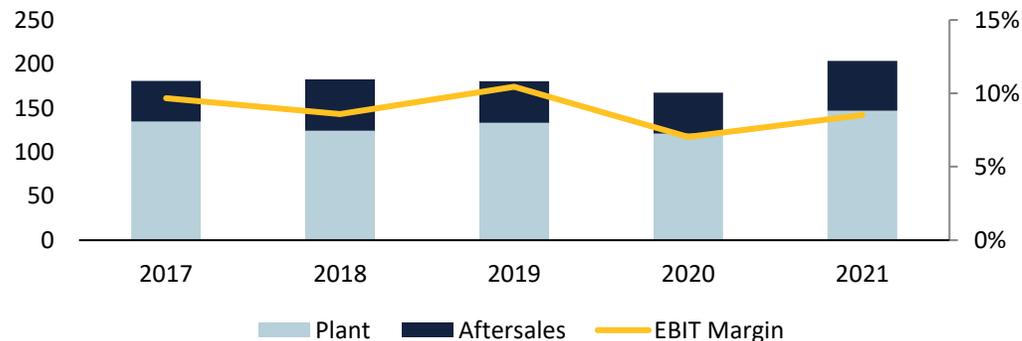
Strategic direction: SKAKO Vibration's strategic focus centres around growing its recycling activities, particularly within Europe, while also strengthening its already established minerals and hardware segments. Growth within recycling can be supported by investor appetite for more sustainable solutions support and by integrating SKAKO Dartek (which has a strong sales pipeline in Spain) into SKAKO Group's wider European sales channels. SKAKO Vibration's mining activities continue normalising post Covid-19 where its strength lies within the North African phosphate mining sector. Its automotive sector seeks continued supply to preferred partners in Europe, while tentatively seeking new opportunities in India and China. SKAKO Vibrations also targets growth of its aftersales; however, typically deals are not made direct to plant owners resulting in lower aftersales levels than within SKAKO Concrete.

Market overview: SKAKO Vibration's market is a culmination of its segment's markets. Within minerals, the primary markets are North Africa, namely Morocco where its strong phosphate mining industry is based, and Europe, which relates to the construction sector. Its hardware segment is primarily active in Europe, in the German automotive market and is building a stronger presence in the U.S. Its recycling activities are primarily focused on Europe and North Africa. Key demand drivers include the demand for stone and sandpits equipment (minerals), automotive market strength (hardware), and a continued push for sustainability (recycling). SKAKO Vibrations is also influenced by broader economic conditions and GDP growth with the recycling segment having the most robust demand during 2020.

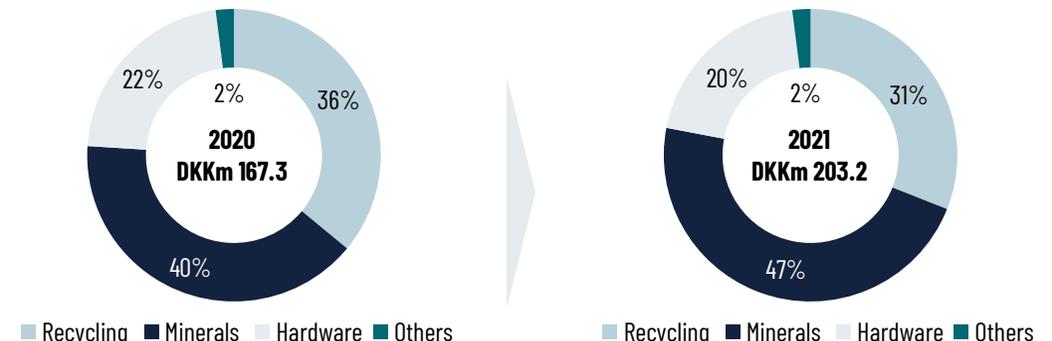
Future market expectations: SKAKO Vibrations expects strong demand across its segments following continued market opening after COVID-19 particularly in the mineral segment in Northern Africa and the recycling segment in Southern Europe, with high levels of activity in both plant and aftersales are expected in all three segments. Continued growth in aftersales can support increasing gross profit margin as a result of its higher margin.

Company growth projections towards 2024: From 2021-24 SKAKO Vibration aims to grow revenue with a CAGR of 10% while maintaining an EBIT margin of 8%-10%.

SKAKO Vibrations revenue and EBIT development (DKKm)



SKAKO Vibrations revenue split by segment



FINANCIALS

SKAKO increased its revenue by 8.3% and EBIT by 34% in 2021. It looks ahead to continued revenue and EBIT growth in 2022, pursuing its 2024 ambitions

Financial results for 2021: In 2021, SKAKO delivered in the middle of its guidance range as outlined in its 2020 annual report for EBIT of DKKm 18-23. The 2021 result realised y/y revenue growth of 8.3% and EBIT growth of 34%. The result was driven by normalisation from Covid-19 in key markets, at the back end of the year. A focus on profitable projects within SKAKO Concrete helped boost margins, while strong European markets supported SKAKO Vibrations.

Outlook & Q1 2022: For 2022 SKAKO's guidance is for EBIT of DKKm 22-27 as the company progresses towards its 2024 ambitions for 8% revenue CAGR, an EBIT margin of 7-9%, and revenues of approx. DKKm 460 (see graph below). 2024 EBIT ambitions are for DKKm 32-42. SKAKO expects continued normalisation from Covid-19 and to execute on its strengthening order backlog. Key markets for 2022 include the UK within SKAKO Concrete and European recycling for SKAKO Vibrations. SKAKO had a strong start to 2022, further improving the order backlog to DKKm 152.9 in Q1 2022. EBIT margin also strengthened while the company retained its guidance suggesting that so far rising input prices and the war in Ukraine have not significantly affected performance.

Dividends: SKAKO Group distributed a dividend of DKK 4 per share in 2021, with a total dividend distribution of DKKm 12.3, corresponding to 93.5% of its profit for the year (or 81% adjusted for earn-out relating to Dartek). The high dividend payout ratio aligns with SKAKO's capital allocation principles and suggests that if SKAKO can successfully increase its earnings, more capital will be returned to shareholders.

Net Debt/EBITDA: SKAKO has a capital structure target of net debt/EBITDA of up to 2.5. As of Q1 2022, the NIBD/EBITDA ratio was 0.9x, down from 2.1x in Q1 2021, demonstrating SKAKO's balance sheet health. This suggests it has the capacity to pursue M&A activity.

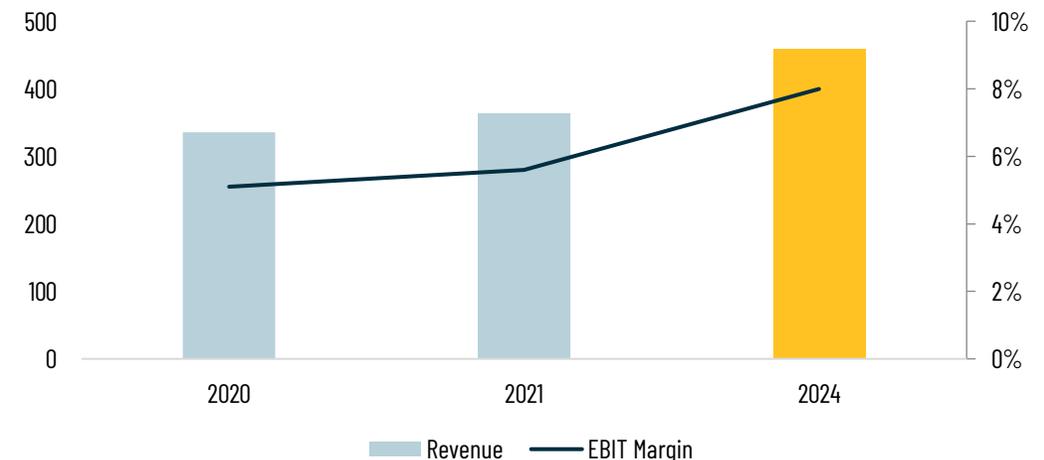
Order intake/order backlog: For the year 2021, the order backlog increased back to pre-pandemic levels showing how demand recovered towards the back end of the year and suggesting SKAKO has a strong pipeline for looking ahead the remainder of 2022.

Selected key financials (2018-2022)

	2022G	Q1 2022	2021	2020	2019	2018
DKKm						
Revenue		96.0	363.7	335.9	354.2	339.3
EBITDA		7.1	27.7	23.6	23.1	18.4
EBIT (before special items)	22-27	5.6	20.3	15.2	18.0	15.0
Profit For the Year		3.6	13.2	10.9	14.2	12.7
EBIT Margin		5.8%	5.6%	5.1%	5.1%	4.4%
NIBD/EBITDA		0.9	1.0	1.8	1.4	0.3
Return on Equity		10.9%	10.2%	10.2%	12.2%	12.4%
EPS		1.2	4.3	3.5	4.6	4.1
Cash and Cash Equivalents		15.1	39.1	33.4	26.5	10.7
Free Cash Flow		(0.8)	22.8	(8.3)	(20.9)	29.6
Order Backlog		152.9	122.4	91.9	123.7	106.8

*Note: 2022G is SKAKO's own guidance.

Development towards medium-term financial ambitions (DKKm)



PEERS/COMPETITIVE LANDSCAPE

We have identified, FLSmidth, Metso Outotec, Weir and Terex Corporation as SKAKO's closest publicly traded peers

FLSmidth & Co A/S

2021 Revenue ~ DKKm 17,581 ~ USDm 2,529



FLSmidth & Co A/S is a Denmark-based provider of equipment and services for the cement and minerals industries. FLSmidth primarily operates in the mining and cement industries; however, recent acquisitions have aided the business's long-term goal of transitioning into a predominately mining company. FLSmidth's focus on sustainable innovation has resulted in its cement business seeing significant progress for sustainable solutions.

Metso Outotec Corp

2021 Revenue ~ EURm 4,236 ~ USDm 4,534



Metso Outotec is a Finnish industrial machinery company that provides technology, services, and process solutions for mining, aggregates, metal refining and recycling industries. The business' minerals segment offers equipment, parts, and services for quarries, aggregates contractors, construction companies, as well as demolition and recycling applications. Metso Outotec's minerals segment provides services which enable profitable handling of ore types to its customers which are large global miners, major and mid-sized regional operators, as well as junior miners. Metso's metal refining segment has a similar customer base to its mineral's segments; however, it has a greater focus on emerging markets.

The Weir Group PLC

2021 Revenue ~ GBPm 1,933 ~ USDm 2,433



Weir Group Plc is a UK-Based mining technology business providing efficient and sustainable mining solutions. The group's primary markets include mining and minerals processing, including comminution, slurry transportation, mine dewatering; sand and aggregates; and oil sands. Weir operates in over 60 countries with its central operational locations: the US, Chile, Brazil, Peru, UK, Netherlands, South Africa, Malaysia, China, and Australia. Its customer base predominantly includes primary and junior mining houses, Engineering, Procurement, construction management companies (EPCM), and national and international oil companies.

Terex Corporation

2021 Revenue ~ USDm 3,887



Terex is a global manufacturer of aerial work platforms and materials processing machinery. The company designs, builds, and exports products used in construction, maintenance, manufacturing, energy, minerals and materials management applications. Terex sells its products worldwide, with major operational locations including, North America, Europe, Australia and Asia. Terex's customer base is relatively fragmented with a material portion of AWP net sales are to national rental companies.

PEER GROUP ANALYSIS

Our estimates show SKAKO trades at lower earnings multiples than its peer group average. Some discount can be expected, however, SKAKO also exhibits earnings growth potential

SKAKO valuation: SKAKO's listed peers are primarily large industrial equipment producers. They are all significantly larger than SKAKO as demonstrated by their market capitalisations, and therefore we may expect they trade at somewhat of a premium to SKAKO.

We see that based on our peer group below that SKAKO's forward-looking P/E and EV/EBITDA multiples demonstrate a discount against the peer group average. As noted above some discount may be expected given the size difference. However, SKAKO's dividend yield, free cash flow yield, and earnings growth potential may act in the opposite direction to the size difference.

Dividend yield: SKAKO delivered a higher dividend yield than its peer group average in 2021, supported by a dividend payout ratio of 93.5%. SKAKO does not directly have a dividend policy but has shared its intention to return significant value to shareholders. This suggests that if its 2022 guidance is realised its dividend yield for 2022 could again surpass its peer group average.

Free cash flow yield: SKAKO delivered a free cash flow yield that exceeded its peer group average in 2021. The result suggests SKAKO has adequate cash flow to pursue its growth strategy and return value to investors.

ROIC: In 2021 SKAKO's ROIC was slightly below that of its peer group average suggesting it is allocating capital slightly less efficiently than its peer group average.

Estimates and assumptions: The multiples for SKAKO in the table below are based on our own estimates, whereas multiples for the peers are derived from Refinitiv, based on consensus estimates from analyst coverage on each share. In our modelling for SKAKO, we expect that the company will deliver in the mid range of its 2022 guidance following the result from Q1 2022. We believe that SKAKO has demonstrated a solid ability to pass rising costs on to consumers and to defend margins. Our peer group serves to establish grounds for comparison between SKAKO and its peers. However, investors should understand no peer perfectly mirrors SKAKO and independent research should also be conducted.

Industrial Equipment Manufacturer Peer Group

Company	Currency	Price (local)	Total Return YtD	Market Cap (EURm)	Latest Net Debt (EURm)	P/E		EV/EBITDA		Dividend Yield 2021	FCF Yield 2021	ROIC 2021
						2022E	2023E	2022E	2023E			
Terex Corp	USD	28.4	-35.0%	1872	3057	7.5x	6x	5.8x	4.8x	1.8%	1.6%	19%*
FLSmidth & Co A/S	DKK	190.5	-20.7%	1475	1778	18.4x	11.9x	6.7x	5.5x	1.6%	8.1%	4%
Metso Outotec Corp	EUR	8.1	-11.9%	6724	8247	14.9x	12.7x	9.2x	8.2x	3.0%	4.9%	14%
Weir Group PLC	GBp	1499.5	-11.7%	4528	6220	17.4x	15.2x	11.1x	9.9x	1.6%	3.0%	11%
Average			-19.8%	3650	4826	14.6x	11.4x	8.2x	7.1x	2.0%	4.4%	12%
Skako A/S	DKK	53	3.2%	22	27	10.4x	8.9x	6x	4.9x	7.5%	15.0%	10.3%*
Premium (+) / Discount (-) to peers						-29%	-22%	-27%	-31%	280%	244%	-14%

Note: Data from 22/06/22

Source: Refinitiv

Note: * represents number calculated internally from the company. (No * reflects consensus of analysts estimates)

SKAKO

MANAGEMENT TEAM AND MEMBERS OF THE BOARD OF DIRECTORS

SKAKO's experienced management team moves into 2022 with a strong roadmap for recovery following Covid-19 and a clear vision to develop sustainable solutions

Ulrik Damgaard
Group CFO



Steffen Kremmer
MD, Concrete



Lionel Girieud
MD, Vibration



Jens Wittrup Willumsen
Chairman



Lars Tveen
Deputy Chairman



Group CFO, Ulrik Damgaard, assumed his position in 2021. He has previous leadership experience as CFO at Howden Turbo GmbH and as Divisional CFO at Siemens A/S, while also sitting on industry-relevant boards, as Chairman at Peak Biotech A/S and board member at IHM. He has an educational background in economics following his bachelors at CBS. Share ownership: 0 shares - 0%. Ulrik will leave the position at the end of June 2022, with board member Carsten Krosgaard Thomsen taking over as interim CFO.

Managing Director SKAKO Concrete A/S, Steffen Kremmer, assumed his position in 2019. He has previous leadership experience as division director and VP at MT Højgaard and as CFO at Promecon. Share ownership: 1,236 shares ~ 0.04%.

Managing Director SKAKO Vibration A/S Lionel Girieud, assumed his position in 2016. He joined SKAKO in 1996 as a Sales Engineer before progressing to Head of Sales & Marketing in 2002 and later took on the role of Director at SKAKO Concrete in France. He has a background in Applied Mathematics and Engineering. Share ownership: 5,166 shares ~ 0.17%.

Chairman, Jens Wittrup Wilson joined the board in 2010. He has over 20 years of experience in industrial services, as a CEO and leadership positions. He has extensive board experience in a diverse range of largely Scandinavian companies. He own 50% of the shares in Frederik2 Aps, which holds a 26% stake in SKAKO. Share ownership: 419,876 shares* ~ 13.5%.

Deputy Chairman, Lars Tveen joined the board in 2017. He has board experience at Danish green energy companies, and is Chairman of the Board at Project Zero-Fonden. Lars Tveen has held leadership positions at Danfoss, most recently at President of developing regions and is CEO at Bitten & Mads Clausens Foundation. Share ownership: 6,104 ~ 0.2%.

Other board members:

- **Carsten Krosgaard Thomsen** joined the board in 2017. He has been CFO at NNIT and EVP and CFO at Dong Energy A/S. Total share ownership: 19,255 shares ~ 0.62%.
- **Christian Herskind Jørgensen** joined the board in 2009. He has a background in law and has CEO experience. Jørgensen owns 50% of the shares in Frederik2 Aps, which owns 26% of Skako. Total share ownership: 509,000 shares* ~ 16.4%.
- **Sophie Louise Knauer**, joined the board in 2020 and has extensive industry relevant board experience.

Note: * includes 50% of the total ownership of Frederik2 Aps, corresponding to percentage of ownership of the company

RISK FACTORS POTENTIALLY AFFECTING THE INVESTMENT CASE

We have identified general risks associated with the case of which we feel investors should be aware

Share price development: The market price of the SKAKO share may develop negatively depending on several factors, including financial results varying from expectations, economic downturns, changes in expectations, changes in geopolitical conditions, and the risk of declining global stock markets.

Market development: Demand for concrete, hardware, minerals and recycling equipment are highly correlated to global economic activity and the associated demand for construction, automotives, commodities and recycling. A global economic downturn could negatively affect SKAKO.

Rising input prices: Inflation in Europe (SKAKO's primary market) is high, affecting the price of energy and raw materials. Increasing input prices may affect SKAKO's ability to defend its margins, in turn impacting earnings.

Rising interest rates: Central banks throughout the west are raising interest rates, in an effort to fight inflation. The resulting increase in borrowing costs may negatively impact the demand for new industrial projects, in turn affecting demand for SKAKO products.

War in Ukraine: The developments of the war in Ukraine remain unforeseen and could negatively impact European markets; however, positive developments may also arise and a rebuild of infrastructure and housing could increase demand for SKAKO Concrete.

Exchange rate risks: With more than 90% of the Group's sales being invoiced in foreign currencies, reported revenue is affected by movements in the Group's trading currencies. The group seeks to hedge by matching positive and negative cashflows in main currencies and entering foreign exchange rate contracts where appropriate.

Key employees: SKAKO is reliant on key employees, primarily the managing directors of SKAKO Concrete and SKAKO Vibration, as well as the Group CFO. These employees are central to executing its long-term strategy. Therefore, the business could be faced with material consequences in the incidence of an inability to attract new qualified personnel.

Credit: SKAKO's credit risks relate primarily to trade receivables. Despite large projects requiring a signed Letter of Credit from the customer's bank prior to any work commencing, credit risks associated with smaller customers may lead to losses.

Cyber security: SKAKO's internal systems and client data are increasingly digitalised. This dependence on technology poses cyber security risks of operation halts if systems fail.

Product supply: A stable supply of raw materials is central to SKAKO, especially within its minerals business segment. Additionally, SKAKO's globalised supply chain poses risks to revenue if fractures were to arise from geopolitical or supply-side shocks.

Regulations: Requirements in relation to product safety and environmental impact are subject to constant change which may impact upon production costs.

COVID-19: A new strain of Covid-19 or continued disruptions in China could result in developments such as lockdowns or materials inflation negatively impacting SKAKO.

Safeguarding corporate assets: Damage to corporate assets would bare financial consequences. However much of this risk is hedged via insurance policies.

Competition: SKAKO's competitive advantage stems from its tailor-made equipment being more industrial and reliable than the general market. Therefore, if competitors develop superior technology, its competitive advantage is at risk of erosion.

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